

Oroville Relicensing Study - R19

Fiscal Impacts

Work Group Presentation

May 2004

**Presentation to the Recreation and
Socioeconomics Work Group**

Outline of Presentation

- Study Objectives
- Methods
- Study Results
- Conclusions

Study Objectives

- **Primary Objective:** Estimate the effects of economic activity generated by current and projected recreation use and by the O&M of the Oroville Facilities on sales tax revenues, lodging tax revenues, and other tax revenues of local governments, and on local public service costs related to Project-related recreation activity and O&M of the Oroville Facilities.
- **Secondary Objective:** Gain a better understanding of the relationship between the level of recreation activity at the Oroville Facilities and resulting levels of public revenues and costs generated for local agencies.

Methodology

- Information sources: interviews with service providers, budget data, current tax rates, visitation data, and population data
- Focus on jurisdictions most affected by the recreation activities and O&M expenditures (City of Oroville & Butte Co.)
- Fiscal impacts were evaluated using fiscal models

Methodology (cont.)

- Largest fiscal impacts result directly from providing services to recreation visitors (“visitor-driven” effects)
 - Visitor-driven costs
 - Visitor-driven revenues
- Indirect fiscal effects resulting from economic growth (“population-driven” effects)
 - Indirect (growth-related) costs
 - Indirect (growth-related) revenues

Methodology (cont.)

Revenues:



TOTAL
REVENUE

NET
FISCAL
EFFECT

Expenditures:



TOTAL
COSTS

Methodology:

Key Assumptions

- Current tax rates will remain unchanged in the future
- Revenues distributed by the State and Federal government will remain at FY 2002-03 per capita levels in the future
- Ownership and management of lands by State agencies within the Oroville Facilities will remain unchanged in the future
- Visitation patterns and recreational activities will follow existing trends

Study Results

- Study results organized into two main areas
 1. Effects of current recreation and operations and maintenance (O&M) expenditures
 2. Effects of projected future recreation activity (future O&M effects were not estimated)

Results

Effects of Current Recreation Activity

SUMMARY OF ESTIMATED CURRENT FISCAL IMPACTS ON THE COUNTY OF BUTTE AND BUTTE COUNTY CITIES FROM RECREATION AT THE OROVILLE FACILITIES (VISITOR-DRIVEN EFFECTS)

Jurisdiction	Revenues (\$1,000)	Expenditures (\$1,000)	Net Visitor- Driven Fiscal Impact (\$1,000)
County of Butte	\$220.4	\$369.9	-\$149.5
Oroville	\$531.9	\$207.9	\$324.0
Paradise	\$33.7	\$21.8	\$11.9
Gridley	\$20.8	\$8.3	\$12.5
Biggs	\$0.6	\$0.8	-\$0.2
Chico	\$51.6	\$61.9	-\$10.3

Results

Effects of Current O&M Activity

**SUMMARY OF ESTIMATED CURRENT FISCAL IMPACTS ON THE COUNTY OF BUTTE
AND BUTTE COUNTY CITIES FROM O&M OF THE OROVILLE FACILITIES**

Jurisdiction	Revenues (\$1,000)	Expenditures (\$1,000)	Net O&M Fiscal Impact (\$1,000)
County of Butte	\$331.1	\$447.3	-\$114.2
Oroville	\$111.5	\$198.3	-\$86.8
Paradise	\$17.4	\$27.2	-\$9.8
Gridley	\$2.7	\$8.3	-\$5.6
Biggs	\$0.4	\$0.7	-\$0.3
Chico	\$27.5	\$51.7	-\$24.2

Results

Effects of Future (2020) Recreation Activity

- Based on projected growth in visitation to the Oroville Facilities (2020)
- For the **County of Butte**, visitor-driven effects would result in an annual deficit projected at \$189,600. Indirect costs of providing public services are projected to exceed revenues by \$303,200
- For the **City of Oroville**, visitor-driven revenues are projected to exceed costs by \$409,200. Indirect costs are projected to exceed revenues by \$212,000
- Fiscal effects on the Cities of Biggs, Chico, Gridley, and Paradise are estimated to be relatively small

Conclusions

- Current recreation activity and O&M generate an annual deficit for the County of Butte and an annual surplus for the City of Oroville
- Outcome based on differences in sales of taxable goods and services to visitors
 - Visitor-driven sales and lodging tax revenues are estimated to be almost **two-and-a-half times larger** for the City of Oroville than for the County of Butte.
- Public services costs are estimated to be higher for Butte County than for the City of Oroville.
- Resident population *indirectly* attributable to Oroville Facilities is estimated to generate public services costs greater than revenues
 - Rationale -- residential development does not pay for itself in fiscal sense

Conclusions (cont.)

- Models do not account for potential expansion of industry resulting from population growth
- State mandates for providing certain services/programs to indirect population growth adds to the overall deficit
- Fiscal models do not fully account for potential increases in State and Federal revenues from population growth
- For **Biggs, Chico, Gridley, and Paradise**, no substantial beneficial or adverse fiscal effects
- For the **Feather River Recreation and Park District**, deficit generated by indirect effects reflects the fact that the District's current operation funded by State and carryover funds